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United States
Department of
Agriculture

Office of
the Secretary

Office of
Finance and
Management

Secretary's Management Report

April 1, 1993-September 30, 1993

Volume 9
Management Actions
Taken on Audit Recommendations
P.L. 100-504



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

November 30, 1993

MESSAGE FROM THE SECRETARY

The mission of the Department of Agriculture covers not only production agriculture, but health and nutrition, safety of the nation's food supply, care and nurturing of the environment, the quality of life in rural communities, and research, education and economics. As one "Team USDA," the Department is committed to provide better service at less cost.

As part of this commitment, I am restructuring the Department to carry out our mission more effectively and reduce redundant administrative functions. Integral to this process is the need to ensure that we manage our programs without the stigma of abuse, waste or mismanagement. Timely implementation of audit recommendations and appropriate followup are useful management tools to ensure the financial integrity and the administrative effectiveness in delivering these programs.

A handwritten signature in cursive script that reads "Mike Espy".

MIKE ESPY
Secretary

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U.S. DEPT. OF AGRICULTURE
OFFICE OF THE SECRETARY

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AGENCY ABBREVIATIONS

AMS	Agricultural Marketing Service
ASCS	Agricultural Stabilization and Conservation Service
APHIS	Animal and Plant Health Inspection Service
CCC	Commodity Credit Corporation
CSRS	Cooperative State Research Service
ES	Extension Service
FAS	Foreign Agricultural Service
FmHA	Farmers Home Administration
FCIC	Federal Crop Insurance Corporation
FNS	Food and Nutrition Service
FS	Forest Service
FSIS	Food Safety and Inspection Service
OGC	Office of the General Counsel
OIG	Office of Inspector General
OICD	Office of International Cooperation and Development
OIRM	Office of Information Resources Management
REA	Rural Electrification Administration
RDA	Rural Development Administration

EXECUTIVE SUMMARY

The Secretary's Management Report to the Congress is required by the Inspector General Act Amendments of 1988. The Amendments require that the Secretary report on the status of management decisions and final actions taken on audit recommendations. This is the ninth report issued by the United States Department of Agriculture (USDA) and covers the 6-month period April 1 through September 30, 1993. The report reflects management's implementation of audit recommendations contained in audit reports issued by USDA's Office of Inspector General (OIG) and explains why action on an audit remains incomplete 1 year from the management decision. It complements the OIG Semiannual Report to Congress which includes data on audit reports issued and the status of management decisions made during this 6-month period.

Universe of Audits

Over the past 6 months, the Office of Finance and Management monitored and analyzed 420 audits with 3,120 recommendations. These audits contained approximately \$149 million in costs (disallowed) that management determined should not be charged to the Department's programs and approximately \$1.7 billion in funds which management agreed could be used more efficiently (funds to be put to better use).

Final Actions

Management completed action on 164 audit reports with 841 recommendations. As a result, over \$13.1 million was recovered in disallowed costs and approximately \$2.8 million was written off in funds that management determined to be uncollectible due to bankruptcies, excessive cost of collections, legal decisions, or terminations in program participation.

Management implemented action on 18 audits with over \$96 million in funds they determined could be used more efficiently and determined that approximately \$185 million could not be used more efficiently due to statutory or other mandatory requirements. As a result of final action taken on four individual audit recommendations, management also implemented recommendations containing over \$6 million they determined could be used more efficiently.

Audits Without Final Action

As of September 30, 1993, 256 audits containing 2,278 recommendations are without final action. These audits contain over \$131.8 million in disallowed costs and over \$1.3 billion in funds which management agreed could be put to better use.

Of the 256 audits, 114 with 996 recommendations do not have final action on the entire audit 1 year from the management decision. Explanations for these audits are contained in Appendix 1 to this report. Many of the management decisions to effect corrective action on these audits involve development of long-term automated system changes, formal regulations and directives, legal implications, actions by non-USDA agencies, and time-consuming collection processes. Of these 114 audits, management took action on 788 recommendations containing approximately \$39.5 million in disallowed costs and approximately \$184.7 million in funds to be put to better use.

Audits Under Appeal or Requiring a Legislative Solution

There are 15 audits containing 144 recommendations either under appeal or requiring a legislative solution to effect final action. Although the appeal and legislative processes preclude final action on these audits in their entirety, management completed action on 77 recommendations containing approximately \$3.4 million in funds OIG recommended could be put to better use.

**FINAL ACTION ON AUDITS AND AUDIT RECOMMENDATIONS
WITH DISALLOWED COSTS FOR THE 6-MONTH PERIOD
April 1 - September 30, 1993**

The chart on the following page depicts the overall status of audits with disallowed costs for this reporting period. As of April 1, 1993, final action was in process but not complete on 161 audits with \$127,536,560 in disallowed costs. Management decisions were made during the period on 63 audits with \$21,060,775 in disallowed costs. Management implemented action on 77 audits, recovering \$13,114,448 in costs that should not be charged to USDA programs and writing off \$2,833,587 in uncollectible debts due to bankruptcies, excessive cost of collections, legal determinations, or terminations in program participation. Additionally, agencies collected \$68,789 and wrote off \$18,951 as a result of final action taken on 20 individual audit recommendations.

**Final Action on Audits and Audit Recommendations
With Disallowed Costs
April 1 - September 30, 1993**

	Disallowed Costs	
	Number of Audit Reports	Dollars
A. Management decisions with no final action as of April 1, 1993	161 ¹	127,536,560 ²
B. Management decisions during the period	63	21,060,775
C. Total management decisions (A + B)	224	148,597,335
D. Final action on audit reports	77	16,768,561 ²
1. Recoveries		
(a) Collections		3,047,889
(b) Other		10,066,559
(c) Property in lieu of cash		
2. Writeoffs		2,833,587
3. Subtotal (1 + 2)		15,948,035
E. Audit reports needing final action as of September 30, 1993 (C - D)	147	131,828,774
	RECOMMENDATIONS	
F. Final action on audit recommendations	20	79,422
1. Recoveries		
(a) Collections		65,430
(b) Other		3,359
2. Writeoffs		18,951
3. Subtotal (1 + 2)		87,740
G. Total final action taken during the period (D + F)		16,847,983

¹The number of audits with no management decision as of April 1, 1993, decreased because two audits inadvertently were counted twice.

²This amount was reduced by \$820,526 as a result of documentation obtained to support the costs and appeals.

**FINAL ACTION ON AUDITS AND AUDIT RECOMMENDATIONS
WITH FUNDS TO BE PUT TO BETTER USE
FOR THE 6-MONTH PERIOD
April 1 - September 30, 1993**

The chart on the following page depicts the overall status of audits with funds to be put to better use for this reporting period. As of April 1, 1993, final action was in process but not complete on 63 audits with \$1,634,590,635 in funds recommended to be put to better use. Management decisions were made during the period on 19 audits with \$32,946,937. Management implemented action on 18 audits containing \$96,297,174 in funds to be put to better use. Recommendations for \$184,550,457 were not implemented, mainly due to either statutory or other mandatory requirements. Additionally, agencies took final action on \$6,435,757 contained in four individual audit recommendations.

**Final Action on Audits and Audit Recommendations
With Funds To Be Put To Better Use
April 1 - September 30, 1993**

	Funds To Be Put To Better Use	
	Number of Audit Reports	Dollars
A. Management decisions with no final action as of April 1, 1993	63 ¹	1,634,590,635 ¹
B. Management decisions made during the period	19	32,946,937
C. Total management decisions (A + B)	82	1,667,537,572
D. Final action on audit reports	18	280,847,631
1. Value of recommendations implemented		96,297,174
2. Value of recommendations not implemented		184,550,457
3. Subtotal (1 + 2)		280,847,631
E. Audit reports needing final action as of September 30, 1993 (C - D)	64	1,386,689,941
	RECOMMENDATIONS	
F. Final action on audit recommendations	4	6,435,757
1. Value of recommendations implemented		6,435,757
2. Value of recommendations not implemented		0
3. Subtotal (1 + 2)		6,435,757
G. Total final action taken during the period (D + F)		287,283,388

¹This reflects an increase of one audit inadvertently omitted from the October 1, 1992 - March 31, 1993, report with \$20,011,833.

AUDITS UNDER APPEAL OR LEGISLATIVE SOLUTION

The table on the following page reflects 15 audits either under appeal or for which a legislative solution is necessary to effect final action. These audits contain 144 recommendations involving \$6,701,319 in disallowed costs and \$379,294,728 in funds to be put to better use. Although the appeal and legislative processes preclude final action on these audits in their entirety, management completed action on 77 recommendations with \$3,427,832 in funds OIG recommended could be put to better use.

AUDITS UNDER APPEAL OR LEGISLATIVE SOLUTION APRIL 1 – SEPTEMBER 30, 1993

Agency	Administrative Appeal	Judicial Appeal	Legislative Solution	Disallowed Costs (Dollars)	Funds To* Be Put To Better Use (Dollars)
ASCS	2	0	0	1,515,483	27,832
FmHA	1	0	2	119,857	376,948,790
FCIC	0	1	0	4,755,287	244,200
FSIS	0	0	1	0	0
FS	2	3	0	0	1,642,243
SCS	1	0	0	0	431,663
FNS	2	0	0	310,692	0
TOTAL	8	4	3	6,701,319	379,294,728

*Of this amount, action is complete on \$3,427,832.

APPENDIX 1
AGENCY AUDITS WITHOUT FINAL ACTION 1 YEAR
FROM THE MANAGEMENT DECISION DATE

Agencies did not complete corrective action within 1 year on 114 audits. The 84 audits indicated with an asterisk (*) were in the report for the period October 1, 1992, through March 31, 1993. Some audits contain multiple recommendations affecting the completion of final action. These include complex automated system changes, collection activities, development and implementation of regulations or directives, legal implications, investigations, actions to be taken by organizations other than USDA and other time-consuming corrective action to implement the management decisions. The 114 audits contain 996 recommendations; and action is complete on 788 recommendations with \$39,530,198 in disallowed costs and \$184,744,154 in funds to be put to better use.

**AGENCY AUDITS WITHOUT FINAL ACTION
1 YEAR FROM THE MANAGEMENT DECISION DATE
(DOLLARS)**

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
AGRICULTURAL MARKETING SERVICE				
Cotton Research and Promotion Program, Cotton Board #01045-4-AT*	3/9/89	380,101 (21,204)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending a legal determination on the disallowed costs.
Financial Review at Federal Inspection Offices #01061-12-AT	4/20/92	0	251,573 (251,573)	The audit has three recommendations of which one is complete. The remaining findings are that AMS implement an automated billing system and remote data entry. A shortage of Agency resources and development of the automated system are delaying final action.
Dairy Grading and Inspection Activities #01061-12-CH	3/29/91	0	0	The audit has 19 recommendations of which 16 are complete. The remaining findings are that AMS develop a system to track dairy plant sanitary deficiencies, establish timeframes to correct the deficiencies and develop criteria to rate the sanitary conditions of the plants. Final action is delayed due to staff turnover.

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
Retailer Monitoring #01061-13-CH	3/31/92	0	0	The audit has six recommendations of which five are complete. The remaining finding is that AMS request a legal opinion on application of penalties for Public Law 272 violators under existing laws. A change in the management decision and a legal opinion are delaying final action.
Compliance Activities of Marketing Order Administrative Committees #01600-1-SF	5/29/92	0	0	The audit has nine recommendations of which eight are complete. The remaining finding is that AMS evaluate audit work for compliance. Development of an audit guide is delaying final action.
AMS Subtotal		380,101 (21,204)	251,573 (251,573)	
AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE				
Pennsylvania State and County Office Administration #03001-47-HY*	3/30/90	328,762 (5,979)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
1989 Emergency Crop Loss Assistance, Orleans County, New York #03012-2-HY*	8/1/91	146,284 (67,699)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Improved Controls and Oversight Would Reduce Losses to the CCC on Settlement Actions on Adverse Warehouse Cases #03091-19-FM*	8/8/90	284,000 (0)	0	The audit has 55 recommendations of which 53 are complete. The remaining findings are that ASCS modify the Uniform Grain Storage Agreement, the Code of Federal Regulations, and handbook procedures to show timeframes for written notification, acceptance, and decisions on appeals and update handbooks and contract provisions pertaining to warehouse operations and examinations. Developing of the procedures and handbooks is delaying final action.
Payment Limitation Requirements, Idaho #03099-59-SF*	11/27/90	433,320 (142,835)	1,011,080 (0)	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
1988 Disaster Program, Michigan #03099-81-CH*	1/12/90	757,372 (33,192)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Emergency Conservation and Feed Program Claims, Caddo Parish, Louisiana #03099-137-TE*	8/25/89	9,767 (9,767)	3,750 (0)	The audit has three recommendations of which one is complete. The remaining findings are that ASCS review the facts presented and recover the payments made to the producer. Final action is delayed pending the results of legal action filed by the producer against the Secretary of Agriculture.
CCC-Debt Management Initiatives #03099-141-AT*	5/28/91	0	0	The audit has four recommendations of which one is complete. The remaining findings are that ASCS prioritize and report delinquent debt to credit bureaus, ensure that implementation timeframes are met, notify Congress of ASCS/CCC intent to refer delinquent debts to private collection agencies, develop referral procedures and timeframes to complete implementation, and revise selection criteria to screen eligible debts delinquent more than 1 year for Federal tax refund offset. Final action is delayed pending the implementation of a system to report delinquent debts to credit bureaus.

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
1988 and 1989 Disaster Assistance Program Operations #03099-144-TE*	6/5/90	293,201 (3,183)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Disaster Program Payments, Arkansas #03099-149-TE*	11/8/91	625,353 (504,052)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs and completion of an OIG investigation.
Payment Limitation for Related Farming Operations, Kansas #03099-156-KC*	6/11/91	178,145 (60,380)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Payment Limitations for 1987, Idaho #03600-1-SF*	5/19/89	1,118,793 (665,238)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
Payment Limitations for 1987, California #03600-2-SF*	6/14/89	566,194 (240,742)	0	The audit has four recommendations of which three are complete. The remaining finding is that ASCS collect the questionable payments. Final action is delayed pending the results of legal action filed by the producers against the Secretary of Agriculture.
Maximum Payment Limitation Provisions for 1987, Texas #03600-4-TE*	10/19/89	688,596 (86,737)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Internal Administrative Controls for Program Operations #03600-7-KC*	6/29/90	0	0	The audit has six recommendations of which four are complete. The remaining findings are that ASCS develop and implement procedures to require the use of cost benefit and risk analyses to determine the methodologies and techniques used to accomplish internal control objectives and the scope of program compliance. Development of handbooks is delaying final action.
Emergency Crop Loss Assistance #03600-8-CH*	6/6/91	10,709 (2,921)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
Audit of CCC Financial Statements #03600-8-FM	5/29/92	2,925 (0)	0	The audit has 10 recommendations of which 9 are complete. The remaining finding is that ASCS direct the State Office to strengthen oversight over those offices where staffing levels limit proper separation of duties. Development of procedures is delaying final action.
1989 Payment Limitation Operations, Arizona #03600-13-KC	9/30/91	3,611,182 (380,002)	0	All administrative and corrective actions are complete on this audit. Completion of bankruptcy proceedings and a potential civil fraud suit are delaying final action.
1989 Disaster Assistance Program, Frio County, Texas #03600-18-TE*	5/22/91	131,077 (83,942)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
1989 Payment Limitation Cases, Liberty County, Texas #03600-23-TE	1/14/92	247,254 (4,801)	6,665 (0)	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
Large Payments for 1986, R.C. Farming Partnership #03645-11-SF*	4/20/89	825,096 (825,096)	0	The audit recommended that ASCS obtain repayments from R.C. Farming Partnership, review operations for subsequent years to determine whether the conditions noted in the audit continue, and recover any overpayments. Final action was delayed pending a determination from the United States (U.S.) Attorney in San Francisco as to whether the producers would face criminal prosecution. The case was declined, and ASCS is pursuing collection of the disallowed costs.
ASCS Subtotal		10,258,030 (3,116,566)	1,021,495 (0)	
FARMERS HOME ADMINISTRATION				
Implementation of Nine Point Credit Management Program #04006-2-AT*	8/10/88	0	0	The audit has 24 recommendations of which 21 are complete. The remaining findings are that FmHA report delinquent debts to credit bureaus, use the Office of Management and Budget (OMB) and Treasury guidelines to report debt information, develop an automated system for cases referred to the Department of Justice (DOJ), and implement recommendations resulting from the caseload reconciliation project. FmHA contracted for a system design to implement the automated tracking system and

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
Collection Systems and Other Selected Areas #04099-72-FM*	9/28/90	313 (0)	254,273 (1,430)	<p>expects completion of the system in FY 1994. The development of an integrated USDA-wide litigation tracking system which will support FmHA's programs is delaying final action.</p> <p>The audit has 12 recommendations of which 8 are complete. The remaining findings are that FmHA revise procedures to meet Internal Revenue Service (IRS) requirements, develop an automated mechanism to issue forms to IRS and to individuals receiving income from sales of acquired property, and require reappraisals when FmHA appraisals indicate a decline in market values. Revision of the Single Family Housing property management regulation is delaying final action.</p>
Debt and Loan Restructuring System and Related Systems Modifications #04099-74-FM*	9/25/90	0	0	<p>The audit has six recommendations of which five are complete. The remaining finding is that FmHA clarify whether loans of the same type, but with different interest rates, should be consolidated. Revision, approval, and subsequent publication of regulations are delaying final action.</p>

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
Accountability of Servicing Agents for Rural Housing Trust Loans #04099-79-FM*	3/29/91	324,672 (25,151)	0	The audit has four recommendations of which three are complete. The remaining finding is that FmHA instruct the lender to review, correct, and collect interest credit. Other Agency priorities have delayed clearance of the revised FmHA Instruction 1944-A.
Paradise Mills Estate, Virgin Islands #04099-79-HY	4/9/92	0	249,327 (9,805)	The audit has 15 recommendations of which 7 are complete. The remaining findings are that FmHA require the borrower to develop and implement procedures to ensure that loan resolutions, agreements, and mortgage requirements are followed; apply remaining fund balances to the loan; document future direct funding in the annual budget and financial report; initiate corrective action on the areas identified by Certified Public Accountant (CPA) reports; reconcile bank statements monthly; develop and implement separation of duty procedures over cash collections; advise the borrower of non-monetary default on the loan; and require the borrower to obtain and maintain property insurance. The development of monthly reports and operating budgets is delayed due to the Hurricane Hugo damage. The Government of the Virgin Islands, the Federal Emergency Management Agency and

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
				the Army Corps of Engineers offered assistance to reconstruct and rehabilitate the building complex. The anticipated completion date for reconstruction and rehabilitation is February 1995.
Evaluation of Selected Information Resource Management and Other Procurements #04099-87-FM*	9/30/91	0	2,129,250 (0)	The audit has 13 recommendations of which 10 are complete. The remaining findings are that FmHA complete an analysis of information needs, either correct deficiencies in planning documents or obtain management approval for any deviations from established requirements, notify OMB before making material revisions to the budget and provide supporting documentation, and provide cost-benefit analyses to OMB for major acquisitions. Development of the Information Systems Plan (ISP) is suspended pending the outcome of an OIG investigation.
Management of Six Rural Rental Housing Projects, Montana #04099-116-KC*	3/4/91	1,484,131 (1,484,131)	0	The audit recommended that FmHA coordinate with OGC and OIG on servicing actions to minimize losses and the potential for criticism of the Government; require collection of unauthorized withdrawals and interest; require the borrower to restore proper balances to the reserve and operating accounts; review the propriety of management fees, repair, and travel expenses; initiate debarment proceedings; require the borrower to fund

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
				tenant security deposit accounts and to account for deposits and withdrawals; follow proper accounting procedures for determining and reporting laundry and miscellaneous income; provide for a CPA audit of all accounts after 1985 and submit past-due management reports; resolve the unauthorized liens against the FmHA loan collateral; pay delinquent taxes; and establish and fund a tax escrow account for projects. Foreclosure proceedings are delaying final action.
Management of Four Rural Rental Housing Projects, Wyoming #04099-118-KC*	11/30/90	2,013,601 (2,013,601)	0	The audit has nine recommendations of which four are complete. The remaining findings are that FmHA coordinate with OGC and OIG on servicing actions to minimize losses and the potential for criticism of the Government; require the borrower to restore balances to the reserve and operating accounts and apply any remaining funds not needed to FmHA loan obligations; and review the propriety of project repair expenses, management fees, and travel expenses. The sale of the borrowers' projects is delaying final action.

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
Debt Management of Defaults on Guaranteed Loans #04099-118-TE*	6/11/87	0	0	The audit has two recommendations of which one is complete. The remaining finding is that FmHA modify Instruction 1980-A to include procedures to monitor the recovery and collection actions of lenders subsequent to payment of loan guarantee loss claims. Clearance and publication of the revised instruction are delaying final action.
Management of Two Rural Projects, North Dakota #04099-119-KC*	9/6/91	885,169 (872,298)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Review of Single Family Housing Acquired Property #04099-160-TE*	9/30/91	0	141,773 (0)	The audit has four recommendations of which three are complete. The remaining finding is that FmHA refine its system to classify and capture costs of acquiring, managing, and selling homes. A system modification is in the design phase. Software implementation is delaying final action.
Rural Housing Loans on Manufactured Homes #04099-284-AT*	8/16/89	0	0	The audit has two recommendations of which one is complete. The remaining finding is that FmHA use no higher than average quality cost factors to appraise manufactured houses. Due to the assigned priority level, implementation of the revised regulation is delaying final action.

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
Rural Rental Housing Program, Lexington, Kentucky #04099-299-AT*	9/28/90	181,592 (181,592)	716,034 (0)	The audit has 15 recommendations of which 12 are complete. The remaining findings are that FmHA recover excess loans, reduce loan amounts when overhead costs and profits exceed approved amounts, monitor compliance with disclosure of identities-of-interest requirements, review loan documents and certifications, and require contractors to explain differences between estimated and actual costs prior to closing loans. Development of regulations is delaying final action.
Rural Rental Housing Program Compliance #04600-1-SF*	8/17/89	0	0	The audit has eight recommendations of which six are complete. The remaining findings are that FmHA require the borrower to submit audited financial statements for each Rural Rental Housing (RRH) project, review management fee expenses for the years not reviewed by OIG, and require the borrower to correct any overcharges found. An OIG investigation of the borrower is delaying final action.
Rural Rental Housing Program, Harrisburg, Pennsylvania #04600-2-HY*	10/4/90	0	0	The audit has 22 recommendations of which 21 are complete. The remaining finding is that FmHA obtain data to set fair and equitable management fees. The review of data to set management fees and approval of guidance to track reserve accounts are delaying final action.

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
1988 Drought Emergency Loss Loans in Texas #04600-2-TE*	12/26/89	38,750 (3,871)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Rural Area Eligibility Designations #04600-4-AT*	12/5/89	0	0	The audit has seven recommendations of which four are complete. The remaining findings are that FmHA revise its regulations to require more reviews when rapid development affects existing boundary lines, require contacts with local planning officials and documentation of planned development which impacts boundary determinations, further define land types and uses that qualify as open space, and specify that boundary designations include required open spaces within the ineligible nonrural areas. Clearance and publication of FmHA Instruction 1944-A are delaying final action.
Rural Rental Housing Program, California #04600-5-SF*	10/19/90	0	0	The audit has 13 recommendations of which 12 are complete. The remaining finding is that FmHA process paperwork to approve changes in the reorganized partnerships. The review of documentation from the partnerships is delaying final action.

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
Guaranteed Loan Interest Rate Buydown Program #04600-7-AT*	3/29/90	0	0	The audit has nine recommendations of which six are complete. The remaining findings are that FmHA require lenders to submit appropriate documents for approval; establish procedures for review of cash flow items during internal reviews; and establish procedures to require lenders to certify before loan closing that off-farm income, farm debts, and ASCS payments were verified and crop yields were based on 5-year average yields for other sources. The issuance of Form 449-23, Guaranteed Loan Evaluation, is delaying final action.
Rural Rental Housing Construction Activities, California #04600-7-SF*	2/4/92	0	0	The audit has two recommendations of which one is complete. The remaining finding is that FmHA evaluate the work of two CPA firms and consider debarment. OIG referred one CPA to the State Board of Accountancy. FmHA will take appropriate administrative action following the review by the Board. This is delaying final action.
FmHA FY 1990 Financial Statements #04600-9-FM	9/30/91	0	0	The audit has nine recommendations of which seven are complete. The remaining findings are that FmHA ensure timely development and implementation of the loan tracking system, establish procedures to identify delinquent or defaulted borrowers and lenders with a history of repurchased loans and/or loss payments and require

Report Title	Date Issued	Disallowed Costs Total (Remaining)	Funds To Be Put To Better Use Total (Remaining)	Reason Final Action Incomplete
Administrative Appeal Procedures #04600-13-AT*	3/27/91	0	0	<p>quarterly reporting from lenders. FmHA is drafting a regulation to deny credit to applicants with delinquent debts. Publication of the regulation and an administrative notice are delaying final action.</p> <p>The audit has 14 recommendations of which 11 are complete. The remaining findings are that FmHA revise its regulations to address the weighing of oral and documentary evidence and the relevance of FmHA actions or inactions that are not related to the issues under appeal; to provide that hearing officers (HO) may not evaluate decisions based on criteria not contained in FmHA regulations or overturn FmHA decisions based solely on the appellant's unsupported oral testimony; to provide complete procedures for reviews of nonappealable decisions; to clarify when new information may and may not be used in an appeal; and to require HO decisions to cite FmHA regulations, where appropriate; and to delete the provision allowing appeal decisions based on the HO's general knowledge. Clearance and publication of revised regulations are delaying final action.</p>

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Rural Rental Housing Program, Columbus, Ohio #04600-13-CH*	3/22/91	0	89,641 (45,923)	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Rural Rental Housing Construction Activities, Gainesville, Florida #04600-20-AT	12/17/91	3,962 (0)	846,808 (0)	The audit has six recommendations of which five are complete. The remaining finding is that FmHA evaluate identity-of-interest contractors' business operations on future loans to determine the reasonableness of overhead costs. The compilation of data from contractors to evaluate overhead costs is delaying final action.
Rural Rental Housing Program Construction Activities #04600-25-CH	5/11/92	0	0	The audit has 17 recommendations of which 3 are complete. The remaining findings are that FmHA prohibit the payment of profit to a second party acting as the contractor; establish procedures to ensure that excessive costs are not charged to RRH projects; include family and indirect affiliations in the definition of related party relationships; prohibit borrowers and contractors from using related party companies and negotiated contracts in RRH construction projects; contract with independent accounting firms to perform cost certification audits and to evaluate general contractor accounting systems prior to construction; clarify regulations to require a comparison

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Nationwide Audit of County Office Operations #04642-1-TE*	7/16/85	0	0	<p>between actual and estimated costs; develop criteria to specify the allowability of trade-item variances; establish a tolerance level whereby significant trade-item variances will require written documentation to justify differences; clarify procedures for comparing estimated and actual costs to determine general requirements, general overhead, and builder's profit; develop a standardized worksheet for the analysis and comparison of estimated and actual costs; and revise the State Evaluation Review Guide to provide more comprehensive coverage of RRH construction activities. FmHA is revising its instructions to include the analysis between estimated and actual cost, procedures to be used by CPA's for cost certification purposes and the evaluation of contractors' accounting systems. Publication of the regulations and the State Evaluation Review Forms is anticipated in late 1993. The clearance and publication of these documents are delaying final action.</p> <p>The audit has 48 recommendations of which 44 are complete. The remaining findings are that FmHA strengthen internal controls, develop and implement a method for issuing refund checks, and improve controls over interest credit recapture operations. The development and publication of FmHA Instruction 1951-I are delaying final action.</p>

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Farmer Program Guaranteed Loans #04665-2-TE*	9/29/88	0	483,405,395 (349,800,000)	The audit has 17 recommendations of which 14 are complete. The remaining findings are that FmHA obtain statements from lenders indicating that they reviewed the borrower's financial information and could not consider giving the borrower a loan, implement policies and procedures to collect debts on defaulted loans, and computerize controls to detect and prevent borrowers who default on loans from obtaining loans without repayment of the defaulted loans. Publication of regulations and development of the ISP are delaying final action.
Nationwide Review of Selected Program Areas #04669-2-FM*	9/29/89	0	1,597,300 (1,056,000)	The audit has 12 recommendations of which 10 are complete. The remaining findings are that FmHA closely monitor the timeliness of processing Interest Credit Agreements (ICA's), prepare quarterly reports to identify field offices which do not renew or cancel ICA's in a timely manner, and incorporate edit checks into automated systems to identify questionable loan interest rates. Implementation of software is delaying final action.

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Unauthorized Use of FmHA Inventory Farm Property #50099-20-AT*	5/17/89	498,612 (487,370)	0	The audit has four recommendations of which three are complete. The remaining finding is that FmHA consult with OGC to determine whether there is legal recourse to seek compensation from trespassers. The U.S. Attorney filed suit against the trespasser in Louisiana. This is delaying final action.
FmHA Subtotal		5,430,802 (5,068,014)	489,429,801 (350,913,158)	
FEDERAL CROP INSURANCE CORPORATION				
Administration of Claims and Appeals #05002-1-TE*	1/18/91	0	0	The audit has 11 recommendations of which 9 are complete. The remaining findings are that FCIC establish uniform procedures and systems to handle appeals and develop and implement procedures to ensure the independence of the HO. Regulations are developed and in Departmental clearance.
1989 Large Raisin Claims, Fresno, California #05099-9-SF	1/24/92	7,507 (2,885)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.

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Reinsurance Operations, Mississippi #05099-11-AT*	3/31/88	822,104 (822,104)	12,680,562 (0)	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Hybrid Seed Crop Insurance #05099-15-CH*	10/4/89	356,940 (0)	230,014 (0)	The audit has 13 recommendations of which 11 are complete. The remaining findings are that FCIC revise its hybrid seed policy to require that growers submit a copy of their seed company contracts along with the acreage reports for use in determining eligibility, and to require reinsurance companies and master marketers to review the growers' contract to determine if the grower has an insurable interest prior to policy approval. A change in the management decision is delaying final action.
Cash Management Practices With Reinsured Companies, Phase II #05099-39-FM*	3/21/91	0	6,939,000 (3,538,000)	The audit has 14 recommendations of which 13 are complete. The remaining finding is that FCIC establish a review group to study the benefits/costs of requiring insurers to pay 50 percent of the adjusted premium when insurance coverage attaches to a crop. FCIC involvement with the crop insurance reform program is delaying final action. FCIC expects to incorporate a review of this recommendation into the Agency's actions to implement the crop insurance reform program.

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Security Over Selected Distributed Minicomputer Systems #05099-41-FM	3/31/92	0	0	The audit recommended that FCIC ensure preparation of site specific security plans and advise users of established security procedures. The compiling of responses from field offices into completed site plans to implement the security plan delayed final action beyond 1 year.
1988 Crop Insurance Contracts With Claims #05600-1-TE*	9/29/89	0	0	The audit has 19 recommendations of which 16 are complete. The remaining findings are that FCIC enforce its provisions for reviews of past yield histories and incorporate these provisions into the Multiple-Peril Crop Insurance manuals; eliminate the use of the premium adjustment factors; expand the Actual Production History (APH) reviews; establish an acceptable APH error rate level and set annual goals to reduce the rate to this level; and require a review of APH data for every claim until the APH error rate is within the established level. A change in the management decision is delaying final action.
FCIC Subtotal		1,186,551 (824,989)	19,849,576 (3,538,000)	

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FOREIGN AGRICULTURAL SERVICE				
Commodity Pricing Review #07001-2-HY*	3/25/91	63,885,638 (38,503,981)	0	The audit recommended that FAS notify exporters that included any after sales services in their reported port value that they are liable for all losses to CCC in the case of a loan default. Legal determinations by DOJ are delaying final action.
General Sales Manager 102 and 103 Programs #07099-2-AT*	12/11/90	0	6,219,645 (1,600,000)	The audit recommended that FAS recover any losses CCC may incur as a result of Iraqi State Enterprise for Tobacco and Cigarettes/Iraq's failure to repay loans guaranteed by the programs. Legal determinations as a result of an investigation are delaying final action.
Implementation of Recommendations, Market Development Activities #07099-27-HY*	12/10/91	0	0	The audit recommended that FAS decide whether to continue the Memorandum of Understanding (MOU) with the Agency for International Development (AID). If the MOU is discontinued, FAS should determine the timeframes to develop regulations to administer the Section 416 Program. Completion and clearance of regulations are delaying final action.

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J. Aron and Company, New York, Export Operations Under CCC Programs #07099-30-HY	4/24/92	0	0	The audit recommended that FAS take action to protect the Government's interest related to future participation by J. Aron and Company in its programs and recover amounts deemed appropriate. Legal determinations as a result of an investigation are delaying final action.
FAS Subtotal		63,885,638 (38,503,981)	6,219,645 (1,600,000)	
FOREST SERVICE				
Monitoring of Deficit Unobligated Balances #08099-34-AT*	9/26/89	0	23,980,799 (0)	The audit has 14 recommendations of which 11 are complete. The remaining findings are that FS review revised financial management procedures to identify and to reestablish financial control features that may have been deleted, perform indepth financial management reviews at the accounting centers that contributed to the FY 1988 Anti-Deficiency Act violations and ascertain definitive causes and solutions for the deficit account balances, and instruct accounting centers and units to compare budgeted funds to actual allocations and require adjustments in obligations authority when actual funding is less than budgeted. Revision of a handbook is delaying final action.

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Administrative Use of Aircraft #08099-38-AT	2/20/92	0	0	The audit has 14 recommendations of which 4 are complete. The remaining findings are that FS establish an ongoing internal control process to provide reasonable assurance that aircraft operations follow prescribed requirements; develop and implement a tracking system to ensure completion of reviews and to ensure that corrective actions are taken on audit and internal review recommendations; expedite implementation of the Aviation Management Information System; ensure no future flights are scheduled or taken which are not in compliance with OMB and USDA requirements; designate officials who may authorize the use of FS-owned and/or contracted aircraft for administrative flights; require that the designated officials ensure that justifications for all administrative flights are maintained with the flight use reports and plans; revise the justification form to ensure that flights are supported by documentation; develop policies specifying who records pertinent data regarding administrative flights on flight use reports and revise the FS handbook to require that flight use reports contain pertinent information on all passengers; establish controls to ensure that FS-owned or contracted aircraft are not used for administrative purposes when other methods of transportation are available at less cost to the

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Timber Management Antitrust Controls #08099-119-SF*	8/28/91	0	0	<p>Government; revise aircraft rate determination procedures to require that aircraft operational overhead expenses be allocated to the Working Capital Fund aircraft activity, variable costs of crews be charged directly to benefiting users or projects in accordance with OMB Circular A-126, and adequate documentation supporting rate determinations is maintained; require that administrative travel by spouses and other non-Federal employees on FS-owned and contracted aircraft be approved in advance by the FS Washington office; and define the terms "official purpose" and "advantageous." Publication of the Interim Directive is delaying final action.</p> <p>The audit has eight recommendations of which one is complete. The remaining findings are that FS complete development of a computerized bid-monitoring system; test the system to ensure it can be successfully implemented at the regional/forestry level; provide a schedule and procedures for system implementation; and require bid-monitoring units to update plans and submit annual reports. Completion of the computerized system is delaying final action.</p>

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Stumpage Rate Adjustments on Timber Sales #08099-122-SF*	9/30/91	0	0	The audit has five recommendations of which one is complete. The remaining findings are that FS complete an analysis of stumpage rate adjustments; clarify the policy and procedures regarding the treatment of monthly billing adjustments on deposits made on released units for tree measurement sales; ensure that timber sale contract provisions comply with the national requirements; limit the use of the White Woods index to sales where a significant portion of the timber value is young growth timber; and establish specific standards for the types of sales on which the White Woods index would be utilized. A law suit before the U.S. Claims Court is delaying final action.
Incurring Costs Audit, Tuolumne Regional Water District #08545-48-SF*	11/27/90	45,110 (11,278)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Ashe Nursery, Brooklyn, Mississippi #08600-12-AT*	9/5/91	0	0	The audit recommended that FS obtain a ration based on appropriate studies and prorate general administration overhead expenses between the nursery's seedling and seed cost centers, adjust the sales price in accordance with the

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				corrected seedling cost, and establish minimum technical contract specifications for growing seedlings minimum inspection requirements. Completion of the study is delaying final action.
FS Subtotal		45,110 (11,278)	23,980,799 (0)	
RURAL ELECTRIFICATION ADMINISTRATION				
FY 1991 Management Letter #09600-5-HQ	4/6/92	0	0	The audit has 11 recommendations of which 6 are complete. The remaining findings are that REA establish and implement a formal policy for the recognition of interest income on restructured loans, update accounting policies and procedures, modify the computer program to provide for accrued interest to be calculated and detailed to each loan, prepare formal documentation of automated data processing system functions and activities and ensure that procedures are established to provide documentation and support of purchases. REA is in the process of codifying its bulletin on Loan Payments and Statements. The Agency expects to complete a new loan accounting

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REA Subtotal		0	0	system to calculate and detail interest to each loan during FY 1995. A change in REA's management decision and completion of a new loan accounting system are delaying final action.
COOPERATIVE STATE RESEARCH SERVICE				
USDA Small Business Innovation Research Program #13099-1-KC	1/24/92	76,811 (76,811)	0	The audit has nine recommendations of which five are complete. The remaining findings are that CSRS establish controls to monitor grantee financial management systems, instruct ES to require grantees to submit Standard Form 272 when advances exceed \$10,000 per month, to monitor grantee requests for cash advances, and ensure that the auditee provides supporting documentation for the unsupported costs and returns the disallowed costs. Receipt of documentation to support the costs is delaying final action.
CSRS Subtotal		76,811 (76,811)	0	

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FOOD SAFETY AND INSPECTION SERVICE				
Indirect Cost Proposals, West Virginia Department of Agriculture #24092-23-HY*	5/9/89	2,522,280 (650,518)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Exporting Procedures #24097-1-AT*	2/5/87	0	0	The audit recommended that FSIS issue regulations to govern its plans to replace all Poultry Acceptable Quality Level Standards with Finished Product Standards. FSIS plans to complete this initiative in early FY 1994.
Labeling Policies and Approvals #24099-5-AT*	6/26/90	0	0	The audit has 18 recommendations of which 6 are complete. The remaining findings identified deficiencies in the Label Approval Process; inadequate verification and enforcement of health and nutrition related claims; and inconsistencies in classifying, labeling, and inspecting nonamenable products. FSIS is examining options for improving the efficiency and effectiveness of the prior labeling approval process. Proposed health claim regulations are under development.

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Monitoring of Drug Residues #24600-1-AT*	9/30/91	0	0	The audit has 14 recommendations of which 9 are complete. The remaining findings are that FSIS revise its directive to delineate responsibilities and specify decisions requiring documentation; prepare written policies and procedures to address Unidentified Analytical Responses (UAR's) identification, reporting, and followup actions to be taken when UAR's are detected; implement procedures to consider potential contaminations as a factor for including compounds and species in the monitoring program; issue instructions defining a sample lot for Sulfa-On-Site testing and ensure that the procedures provide for equitable treatment; and implement in-plant sulfonamide testing at plants that slaughter cows. The UAR directive is in clearance. The FAST-test, which will eliminate the need to send all tissues to the laboratory for sulfa testing, is expected to be implemented in early 1994.
FSIS Subtotal		2,522,280 (650,518)	0	

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FOOD AND NUTRITION SERVICE				
Commodity Inventory Accountability #27002-7-NY*	3/3/88	0	0	The audit recommended that FNS implement procedures for the monthly reconciliation of reports on the receipt of shipments by State Distributing Agencies and develop and implement computer programs to perform the reconciliation. Final action is delayed pending the development and implementation of reconciliation reports. Implementation is expected in FY 1994.
Computer Match of Federal Employees #27006-1-TE*	3/19/91	0	0	The audit recommended that FNS review various Federal information sources to verify Federal employee and retiree income, notify State Agencies (SA's) of alternate data sources and encourage them to modify their Plans of Operation to incorporate these sources, and coordinate with the Department of Health and Human Services (DHHS) on the data. FNS is reviewing the use of Federal salary and benefit information to determine if it is appropriate as a means to collect Food Stamp Program (FSP) recipient claims. A final Income and Eligibility Verification System (IEVS) Study will be issued in FY 1994. After its review, FNS will make a determination on whether to implement the audit recommendations. This is delaying final action.

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Security and Accountability Over Food Stamp Printing #27006-2-HY	9/30/91	2,938,000 (2,938,000)	0	This audit has nine recommendations of which eight are complete. The remaining finding is that FNS recover the disallowed costs. Negotiation of a settlement agreement on the disallowed costs is delaying final action.
Implementation of the Income Eligibility Verification System #27013-45-TE*	3/30/90	0	0	The audit recommended that FNS increase efforts to ensure compliance with the IEVS, determine whether additional measures are needed to ensure that SA's clear IEVS matches within the regulatory timeframes, provide written guidance that either sets uniform IEVS targeting limits or specifies the elements that the SA's must include in their Plans of Operation, ensure that FSP applicants' households are included in the matching process of IEVS and that data sources of IEVS are not limited to the surrounding States unless it is cost effective, and review the SA's Plans of Operation to ensure that targeting procedures are proper. FNS issued a memorandum to clarify applicant matching in Texas and to restate policy on applicant matching. In September 1990, FNS awarded a contract to conduct a multiyear study of targeting strategies under the IEVS regulations. Review of the Technical Evaluation Report is delaying final action.

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Cost Effectiveness of Food Stamp Program Use of Immigration and Naturalization Service Systematic Alien Verification for Entitlements System #27013-47-TE	9/10/92	0	5,000,000 (5,000,000)	The audit recommended that FNS stop funding the Systematic Alien Verification for Entitlements (SAVE) system administrative costs for the FSP; cancel the requirement for SA's to implement the SAVE system; grant waivers requested by States without making costly or impossible demands for data; and, for those SA's using the SAVE system, coordinate with DHHS to extend the waiver period for secondary verification of refugees to correspond with the 12-month period of redetermination. Legal concurrence for a reduction in the administrative funding from 100 percent to 50 percent and development of guidance to review State waiver requests are delaying final action.
Mound Bayou School Food Authority #27023-203-AT*	1/14/92	314,549 (31,549)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Hempstead After School #27029-300-HY*	3/28/89	6,808 (3,804)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.

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Putnam Child Development Center #27029-305-HY*	3/28/90	29,734 (7,160)	0	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
University Settlement Society of New York #27029-426-HY	5/4/92	27,059 (0)	0	All administrative and corrective actions are complete on this audit. Final action was delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Emmanuel Progressive Child Development Center #27029-438-HY	4/30/92	19,143 (0)	0	All administrative and corrective actions are complete on this audit. Final action was delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Western Queens Nursery School #27029-461-HY	4/30/92	25,600 (0)	0	All administrative and corrective actions are complete on this audit. Final action was delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Boys Harbor, Inc. #27029-961-NY*	10/1/87	183,174 (0)	0	The audit has six recommendations of which five are complete. The remaining finding is that FNS collect funds paid in excess of program regulations. OGC informed FNS that it would be difficult to recover the overpayments attributed to self-prep sites due to unclear regulations.

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				<p>FNS agreed to revise its regulations to clarify the acceptable method for obtaining reimbursement for meals served by a sponsor. In an effort to clarify this regulatory provision's applicability to sponsors, FNS developed regulations to remove the limitations on sponsoring organization disbursements to individual centers; these were rejected by OMB. Final action is delayed pending a determination of the appropriateness of FNS' actions to address the remaining audit findings.</p>
Boys Harbor, Inc. #27029-1055-NY*	12/12/88	63,170 (0)	0	<p>The audit has 22 recommendations of which 21 are complete. The remaining finding is that FNS collect funds paid in excess of program regulations. OGC informed FNS that it would be difficult to recover the overpayments attributed to self-prep sites due to unclear regulations. FNS agreed to revise its regulations to clarify the acceptable method for obtaining reimbursement for meals served by a sponsor. In an effort to clarify this regulatory provision's applicability to sponsors, FNS developed regulations to remove the limitations on sponsoring organization disbursements to individual centers; these were rejected by OMB. Final action is delayed pending a determination of the appropriateness of FNS' actions to address the remaining audit findings.</p>

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Special Supplemental Food Program for Women, Infants and Children Administrative Costs, Alabama #27031-22-AT*	1/24/90	2,831,384 (257,305)	1,132,553 (1,132,553)	All administrative and corrective actions are complete on this audit. Final action is delayed pending receipt of documentation which identifies full disposition of the disallowed costs.
Debt Management Initiatives #27070-1-AT*	2/5/91	0	0	The audit has 15 recommendations of which 6 are complete. The remaining findings are that FNS require SA's to report the collection status of FSP claims; develop procedures to classify quality control sanctions under appeal; require SA's to use private collection agencies and to develop procedures for routine referral of claims; finalize and issue proposed policy requiring the referral of unresolved FNS administered debts to collection agencies; develop a system to share delinquent FSP household claim information; pursue legislative authority to require taxpayer identification numbers (TIN's); request debtors and participants to provide TIN's; revise regulations to allow for charging interest, penalties, and administrative costs on claims against delinquent nonparticipating households; provide guidance to SA's for assessing the collectibility of aged accounts and require that

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Nutrition Assistance Program Block Grant, San Juan, Puerto Rico #27080-3-NY*	7/31/87	298,370 (160,000)	0	<p>uncollectible accounts be written off; and require SA's to report terminated FSP claims to IRS and report to IRS closed-out and compromised claims administered directly by FNS. FNS anticipates approval of State computer matching agreements to permit the interstate exchange of information on FSP households with delinquent claims. FNS received legal guidance regarding the application of Federal claims collection standards to State governments. FNS' assessment of the legal opinion is delaying final action.</p> <p>The audit has five recommendations of which four are complete. The remaining finding is that FNS require the SA to coordinate with other Federal Agencies to obtain a proper allocation of administrative funds for integrated services and require the SA to submit revised financial reports. DHHS is responsible for the allocation of costs for the SA administering the Puerto Rico Nutrition Assistance Program. DHHS is notifying the SA of the necessary revisions and clarifications to its Cost Allocation Plan (CAP). The approval of the CAP by DHHS is delaying final action.</p>

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Hurricane Hugo Activities, South Carolina #27097-4-AT*	12/26/90	0	0	The audit has four recommendations of which three are complete. The remaining finding is that FNS publish regulations on disaster procedures. Final action is delayed pending promulgation of the proposed disaster rule.
Brakebush Brothers, Inc. #27099-82-CH*	3/13/91	841,624 (331,221)	0	The audit has four recommendations of which one is complete. The remaining findings pertain to collection of the disallowed costs from the processor. The processor disputed the claim. In September 1992, Brakebush Brothers, Inc., submitted an independent report showing its costs for the production of broth and concentrated chicken fat. FNS and OIG reviewed the processor's manufacturing process and substantiating records and requested additional documentation. FNS redetermined the disallowed costs and billed the company. However, Brakebush Brothers, Inc., continues to dispute the claim. Negotiations are delaying final action.
Incurring Cost Audit, National Analyst #27545-72-HY*	7/26/91	0	88 (88)	The audit recommended recovery of direct cost overcharges. An investigation is delaying final action.

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Recouping Claims and Imposing Disqualification Penalties #27600-1-AT*	6/27/91	0	271,088,908 (271,088,908)	The audit recommended that FNS establish timeframes for processing claims and provide for penalties when large backlogs occur; require periodic reports of the status of unworked claims, review of tracking systems and removal of outdated, inaccurate, or uncollectible referrals and unworked claims; increase claims coverage in management evaluation reviews; and emphasize to States their responsibility for collecting claims for overissuances. FNS participated in a workshop to formulate a plan of action to develop strategies for reducing backlogs. The Disqualification Reporting System (DRS) model matching agreement is approved and 14 SA's have entered into agreements to participate in the DRS matching program. Implementation is anticipated in FY 1994.
Special Supplemental Food Program for Women, Infants and Children Administrative Costs, Nationwide #27600-2-AT*	2/27/91	0	0	The audit recommended that FNS perform comprehensive internal reviews and ensure that corrective actions are taken on deficiencies, request that non-Federal audits emphasize administrative cost issues, and require the SA's to include an in-depth description of their monitoring of local agency costs and review the plans for compliance with Federal requirements. FNS is revising the Expenditure Validation Review Guide. FNS' actions to develop cost allocation guidance disclosed that the problem is more complex than had previously been

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				realized. Allocating costs to the Supplemental Food Program for Women, Infants and Children could not be separated from allocating them to health programs administered by DHHS. Completion and distribution of the draft cost allocation guidance is anticipated in FY 1994 and will be piloted, revised, and implemented nationally by FY 1995.
Food Stamp Program, Administrative Costs, Nation-wide #27600-2-SF*	3/30/90	0	0	The audit has 10 recommendations of which 6 are complete. The remaining findings are that FNS work with DHHS to provide direction to States on the proper allocation of costs, instruct States that a waiver from OMB is required for any allocation method which does not comply with OMB Circular A-87, review the eligibility of the costs allocated between the 75-percent enhanced funding elements of the FSP and the elements eligible for the 50-percent reimbursement, and review the eligibility of the costs allocated. FNS was unable to obtain necessary funding to support this effort. A change in the management decision is delaying final action.
Authorizing and Monitoring of Retailers #27600-8-CH	3/31/92	0	293,996 (0)	The audit has 20 recommendations of which 15 are complete. The remaining findings are that FNS identify which FSP reports can be combined, eliminated or revised; provide guidance and instructions on Automated Data

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Special Supplemental Food Program for Women, Infants and Children Vendor Monitoring and Food Instrument Delivery Systems #27661-2-CH*	6/15/88	0	0	<p>Processing (ADP) monitoring reports; develop and implement procedures to require field and compliance offices to use ADP reports as intended and document such usage; develop monitoring procedures to ensure that retailer tracking reports are being utilized effectively; and clarify the FNS Handbook 318 policies and procedures to ensure input into the Investigative Field Office Activity Reporting System. Development and implementation of the Store Tracking and Redemption System is delaying final action. FNS anticipates implementation in early 1994.</p> <p>The audit has 38 recommendations of which 14 are complete. The remaining findings are that FNS provide for a sufficient administrative budget, require SA's to develop methods to prevent vendors from overcharging, establish high-risk vendor investigative requirements, develop and require sanctions on vendors violating program requirements, require SA's to disqualify vendors disqualified from the FSP and issue regulations, codify a standardized appeal process, implement the Department-wide nonprocurement debarment and suspension regulations and require SA's to identify redeemed food instruments not validly issued, obtain legislative authority to require social security numbers and require SA's to use</p>

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				minimum matching criteria, and generate listings of potential dual participation and submit reports to FNS on the efforts to detect and prevent dual participation. Significant public and political reaction to FNS' proposed rulemaking delayed the publication of a final rule and may impede planned corrective action. Publication of a proposed vendor rule, with a 60-day comment period, is delaying final action.
State of Washington #50568-449-SF	2/18/92	10,285 (0)	0	The audit has seven recommendations of which three are complete. The remaining findings are that FNS instruct the SA to allocate costs to Federal programs in accordance with Federal guidelines and collect disallowed costs; instruct the SA to follow policies concerning authorization, capitalization, recording and tagging of fixed assets purchased; instruct employees on the importance of distributing and completing the contact sheets on a timely basis; and obtain written Federal agreement for a specific and consistent period of time between collection and allocation of data. Final action is delayed pending completion of the random moment time studies by the SA.
Government of Guam #50568-452-SF	1/22/92	0	0	The audit has five recommendations of which three are complete. The remaining findings are that FNS require the SA to negotiate the cost pool allocation plans with the

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				Federal Government prior to implementation and to establish a subsidiary ledger to support the food stamp overissuance account. DHHS approved the cost allocation plan and FNS has withdrawn all claims against the SA. FNS is initiating final action.
FNS Subtotal		7,588,900 (3,729,039)	277,515,545 (277,221,549)	
RURAL DEVELOPMENT ADMINISTRATION				
Loan Servicing, Vail Holdings Group, Inc. #04099-87-SF*	2/10/92	4,331,222 (4,290,206)	0	The audit has 12 recommendations of which 4 are complete. The remaining findings are that RDA notify the lender that negligent servicing makes the loan guarantee unenforceable; require the lender to ensure that the escrow account is properly funded, to provide documents verifying the status of property taxes, to pay the delinquent taxes and accrued interest, to require the borrower to fund the escrow account for any property taxes on the collateral; to direct the borrower to resolve the liens and judgments to either comply with the Loan Agreement or obtain approval for any revised payment schedule; and to submit audited financial statements. Review of the final loss is delaying final action.

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Loan to LeBossier Hotel, Bossier City, Louisiana #04099-135-TE	9/2/88	1,340,000 (1,340,000)	0	The audit recommended that RDA request OGC to review noncompliance of loan regulations and the terms of the lender's agreement to determine enforceability of the loan note guaratee. Final action is delayed pending the receipt of funds from the sale of LeBossier Hotel.
Interest Accrual on Delinquent Loans Over 90 Days #04099-143-TE	5/22/89	0	8,378,513 (8,378,513)	The audit has three recommendations of which one is complete. The remaining findings are that RDA either amend its regulations to require estimated loss reports if the liquidation period exceeds 90 days or to determine whether liquidation is required when borrowers are delinquent three payments. Departmental clearance of the revised regulations is delaying final action.
RDA Subtotal		5,671,222 (5,630,206)	8,378,513 (8,378,513)	
ANIMAL AND PLANT HEALTH INSPECTION SERVICE				
Mexico/United States Screwworm Eradication Program #33001-3-HY*	8/21/91	117,359 (0)	0	The audit has 30 recommendations of which 24 are complete. The remaining findings are that APHIS determine the amount of added value tax paid during 1985 through 1989 and request reimbursement of prior years' added value tax payment, return any added value tax reimbursement to respective government treasuries,

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				<p>develop and implement a procedure to ensure timely requests and followup for cancellation of unnecessary insurance premiums, determine the historical cost of donated and purchased assets and adjust the financial statements accordingly, conduct a physical inventory of all assets/inventory and reconcile the amounts with the balance sheet. Due to budget impacts of a screwworm outbreak in Mexico, the Screwworm Program's resources are limited. No funds are available to determine historical costs of donated assets and incorporate adjustments into financial statements. A physical inventory of Screwworm Commission property is proceeding and differences will be reconciled. APHIS requested reimbursement of prior year's added value tax payments from the Commission's Mexican Director. The Screwworm Commission requested repayment from the Mexican government, which was denied. A procedure is being implemented to ensure timely requests and followup for cancellation of unnecessary insurance premiums. APHIS will review this system periodically.</p>
Pest Exclusion Activities #33004-1-HY*	6/29/90	0	0	<p>The audit has 10 recommendations of which 8 are complete. The remaining findings are that APHIS ensure that Agency officials comply with the User Fee Statute and, in consultation with OMB and the Treasury</p>

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				<p>Department, either identify any requirements for repayment of the funds already used or request OMB and Treasury to consider waiving the repayment requirement and reevaluate and revise, where necessary, APHIS' directive to prevent abuse of the overtime system. The 1990 Farm Bill authorized APHIS to collect user fees for preclearance activities. APHIS uses this authority along with existing applicable accounting procedures to maintain accounts for each cooperator and to record costs and deposit revenues. OMB and Treasury informed APHIS that waiver regulations for repayment of funds previously collected do not exist. APHIS is reviewing its overtime system and directives. Regulations will be revised by FY 1995 as deemed necessary.</p>
<p>Administrative Costs, 1989 Medfly Eradication Project, California #33099-8-SF</p>	<p>3/31/92</p>	<p>1,643,599 (1,643,599)</p>	<p>0</p>	<p>The audit has 19 recommendations of which 12 are complete. The remaining findings are that APHIS recover funds used for unsupportable helicopter ferrying costs, landing fees, certain insecticide applications, transportation of bait, employment of flagpersons, and an overpayment to a rental car firm and ensure that an inventory is performed to reconcile Medfly project equipment. APHIS billed the State and the rental car company. Performance of the inventory and collection of the disallowed costs are delaying final action.</p>

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APHIS Subtotal		1,760,958 (1,643,599)	0	
OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT				
International Training Division #44010-3-HY*	9/29/89	0	0	The audit has 10 recommendations of which 9 are complete. The remaining finding is that OICD reconcile expired orders, cancel unliquidated balances, and adjust prior billings. OICD continues to work closely with the AID and other organizations on the billing and collection problems. OICD has scheduled completion in FY 1994.
Financial Management System #44060-1-HY*	7/13/90	0	0	The audit has 17 recommendations of which 13 are complete. The remaining findings are that OICD develop and issue procedures for the billings and collection operations that comply with the General Accounting Office (GAO) standards, collect unpaid prior year's debt, and forward outstanding receivables to GAO that AID declines to pay. Although draft procedures are in place and are currently being followed, limited resources are delaying the completion of written procedures for the billing and collection operations. OICD continues to work closely with AID and other organizations on the billing and collection problems. Completion is scheduled in FY 1994.

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OICD Subtotal		0	0	
OFFICE OF INFORMATION RESOURCES MANAGEMENT				
Computer System Integrity Project #58099-10-FM	9/30/88	0	0	The audit has 35 recommendations of which 34 are complete. The remaining finding is that OIRM develop and implement detailed procedures for the installation and maintenance of system software. Completion of the installation, testing and acceptance of the logical partition software is delaying final action.
Management and Security Over Local Area Network #58099-21-FM*	9/23/91	0	0	The audit has 29 recommendations of which 20 are complete. The remaining findings are that OIRM conduct a formal risk analysis (RA) for the Local Area Network (LAN), develop a contingency plan based on the risks identified, and ensure that the LAN Management Center has a complete and accurate LAN map. OIRM contracted with a firm to perform the RA. Once the contractor completes the RA, OIRM will contract to complete the contingency plan on any deficiencies identified in the RA. OIRM anticipates completion in 1994.

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Security and Control of the National Computer Center #58099-22-FM	3/31/92	0	0	The audit has four recommendations of which three are complete. The remaining finding is that OIRM include in the annual Federal Managers Financial Integrity Act and Security Plan all material internal control weaknesses identified in audit reports. The Department is contracting with the National Institute of Standards and Technology to perform a formal review of the information systems security programs. Completion of the review is delaying final action.
OIRM Subtotal		0	0	
TOTAL		98,806,403 (59,276,205)	826,646,947 (641,902,793)	

